

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

* *PC-03 CIEP-02 OMB-01 SCEM-02 DRC-01 IGA-02 /109 W

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R 081047Z JAN 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9562

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E.O. 11652: N/A

TAGS: EGEN, ENRG

SUBJECT: FERTILIZER SHORTAGE

UNCLASSIFIED.

1. MR. K.Y. CHOW, WELL-KNOWN THAI-CHINESE BUSINESSMAN WITH INTERESTS IN OIL REFINING, SHIPPING AND KRA CANAL PROJECT, DURING RECENT CALL ON AMBASSADOR PRESENTED PLAN TO RELIEVE SERIOUS SHORTAGE OF FERTILIZER IN THAILAND AND ASKED FOR US ASSISTANCE.

2. BRIEFLY, CHOW PROPOSED THAT UP TO 250,000 TONS OF FERTILIZER FROM THE US BE FINANCED BY EXIM BANK FOR EXPORT TO THAILAND WHERE IT WOULD BE SUBSIDIZED BY RTG TO REDUCE PRICE TO HALF NORMAL, THEN BE DISTRIBUTED BY THAI ARMY TRUCKS ON URGENT BASIS TO NEEDY FARMERS WHO WOULD BE ASSISTED IN APPLICATION TO CROPS BY GRADUATES OF KASETSART UNIVERSITY. IF THIS PLAN NOT FEASIBLE, CHOW PROPOSED THAT PHOSPHATE AND OTHER RAW MATERIALS BE EARMARKED FOR EXPORT FROM THE US TO JAPAN FOR FABRICATION AND THEN RE-EXPORTED TO THAILAND. THE LATTER APPROACH WOULD REQUIRE LESS US MANPOWER AND WOULD ALSO HELP CORRECT THAI-JAPAN TRADE IMBALANCE. AMBASSADOR PROMISED TO EXPLORE POSSIBILITIES AND SUBSEQUENTLY INFORM MR. CHOW.

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3. DEPUTY UNDERSECRETARY OF AGRICULTURE TOLD ECON/CML

OFFICER JANUARY 7 THAT CHOW HAD ALSO EXPLAINED HIS PLAN TO MINISTRY OF AGRICULTURE. THIS OFFICIAL EXPRESSED POSITIVE INTEREST IN PLAN ON GROUND FERTILIZER IN SHORT SUPPLY AND EXPENSIVE, AND THAT NEED WILL INCREASE SHARPLY AS SECOND RICE CROP IS PLANTED IN EARLY SPRING AND ALSO FOR REGULAR CROP LATER IN SUMMER. HE ASKED FOR ANY ASSISTANCE EMBASSY COULD PROVIDE TO HELP OBTAIN EVEN 20,000 TONS. SAID THAT FINANCING WAS NO PROBLEM FOR RTG AND THAT EXIM BANK ASSISTANCE WOULD NOT BE REQUIRED. (COUNSELOR EXPLAINED THAT EXIM BANK FINANCING NOT AVAILABLE FOR SUCH PURPOSES.) DEPUTY SAID QUESTION WAS RATHER ONE OF AVAILABILITY DESPITE VERY HIGH PRICE. RTG WAS PREPARED TO SUBSIDIZE PRICE TO THE FARMER IN ANY EVENT.

4. CHOW SUBSEQUENTLY INFORMED THAT EXIM BANK FINANCING NOT AVAILABLE FOR TRANSACTION OF THIS TYPE.

5. ALTHOUGH THAI FARMER USES SUBSTANTIALLY LESS FERTILIZER PER CULTIVATED UNIT THAN JAPANESE, KOREAN OR TAIWANESE COUNTERPART, HIS NEED IS NEVERTHELESS CONSIDERABLE, ESPECIALLY FOR IRRIGATED LAND ON WHICH TWO CROPS ARE RAISED. RICE IS MAJOR FOREIGN EXCHANGE EARNER AND NEED FOR EXPORTS WILL BE EVEN GREATER IN 1974-75 BECAUSE OF SHARPLY INCREASED IMPORT COSTS FOR OIL. MOREOVER, THAILAND IS HIGHLY DEPENDENT ON IMPORTS FOR ITS FERTILIZER SUPPLIES, GIVEN THE ONE VERY SMALL AND HIGH COST DOMESTIC FERTILIZER COMPANY. TOTAL IMPORTS IN 1972 AMOUNTED TO 295,000 METRIC TONS OF WHICH ABOUT 16 PERCENT FROM US.

END UNCLASSIFIED.

ACTION REQUESTED: EMBASSY WOULD LIKE TO BE RESPONSIVE TO CHOW AND PARTICULARLY TO MINISTRY OF AGRICULTURE OFFICIAL. WASHINGTON GUIDANCE THEREFORE REQUESTED ASAP ON WHAT, IF ANY, ASSISTANCE USG MIGHT BE ABLE TO PROVIDE TO ASSURE AVAILABILITY OF AT LEAST MINIMUM AMOUNT OF FERTILIZER FOR THAILAND.
KINTNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, FERTILIZERS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BANGKO00402
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740157/aaaacbvkl.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by kelleyw0>; APPROVED <03-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FERTILIZER SHORTAGE UNCLASSIFIED.
TAGS: EGEN, ENRG, TH, XMB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005